GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:119
ANSWERED ON:10.07.2009
EXTERNALLY AIDED PROJECTS
Adsul Shri Anandrao Vithoba;Nirupam Shri Sanjay Brijkishorilal

Will the Minister of FINANCE be pleased to state:

(a): Whether a substantial share of loans from the World Bank and the Asian Development Bank (ADB) and the other Multi/Bilateral agencies remained underutilized as a result of which the Government of India is paying heavy commitment charges.

(b): If so, the details of the commitment charges paid during the last five years.

(c): the details of the externally aided projects in respect of which such commitment charges are being pad, project-wise during each of the last three years.

(d): Whether any remedial measures have been taken to arrest this trend, if so, the details thereof;

(e): the quantum of loan taken by Government from different External Agency, agency-wise, and the interest paid in respect thereto during each of the last three years; and

(f): the steps taken/being taken to ensure that externally aided project are completed within the scheduled time?

Answer

MINISTER OF FIANNCE (SHRI PRANAB MUKHERJEE)

A Statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.119 FOR ANSWER ON 10TH JULY 2009 REGARDING EXTERNALLY AIDED PROJECTS SHRI SANJAY BRIJISHOR LAL NIRUPAM SHRI ANANDRAO ADSUL
Payment of commitment charges is an integral part of the general terms & conditions of loan from the World Bank (WB), Asian Development Bank (ADB) and some bilateral agencies. The commitment charge has to be paid as the entire loan amount is not disbursed in one installment at the commencement of the project. Once the loan becomes effective, disbursement of funds are taken from the lender as per the implementation schedule of the project. Interest starts accruing as soon as disbursement takes place. Commitment charges, where levied, are usually a fraction of interest rate.

Government of India has a monitoring mechanism for externally aided projects. Projects are checked against readiness indicators before they are launched. During implementation, the projects are monitored through joint review meeting periodically. State level portfolio reviews and site visits are also undertaken from time to time.

In respect of pare (b), (c) and (e), the details of loan and commitment charges are annexed as Statements 1,2,3 and 4 respectively.